



**METROPOLITAN
TRANSPORTATION
COMMISSION**

Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607-4700
TEL 510.817.5700
TTY/TDD 510.817.5769
FAX 510.817.5848
E-MAIL info@mtc.ca.gov
WEB www.mtc.ca.gov

Scott Haggerty, Chair
Alameda County

Adrienne J. Tissier, Vice Chair
San Mateo County

Tom Azumbrado
U.S. Department of Housing
and Urban Development

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Andrew B. Fremier
Deputy Executive Director,
Bay Area Toll Authority

Therese W. McMillan
Deputy Executive Director, Policy

**PLANNING COMMITTEE
MEETING OF JUNE 12, 2009
MINUTES**

ATTENDANCE

Commissioner Spering called the Planning Committee meeting to order at 9:30 a.m. Other members in attendance were Commissioners Azumbrado, Chu, Giacomini, Haggerty, Halsted, Lempert, MacKenzie, Rubin, and Tissier. Commissioner Bates, Cortese, and Daly also attended.

CONSENT CALENDAR: Minutes of May 8, 2009

Commissioner Lempert moved approval, Commissioner Mackenzie seconded. Motion passed unanimously.

**FINANCING SCENARIOS FOR IMPLEMENTING A REGIONAL
EXPRESS LANE NETWORK**

Mr. Andrew Fremier recapped the concept of the regional express lane network, and noted that there has been considerable progress toward authorizing and implementing the network.

He stated that the purpose of express lanes is to introduce pricing into the network, provide a footprint for more High Occupancy Vehicle (HOV) and express bus travel, and potentially generate net revenue for additional investment in the corridors.

He noted that the lanes are priced dynamically. The idea is the capacity that is not used by HOV travel is available to non-HOV users, and as the volume of traffic increases - the price goes up, and as the capacity becomes available - the price goes down. He noted that the idea is to maintain consistent and credible throughput for travel in the corridor.

Mr. Fremier also mentioned that pending authorizing legislation requires a rapid delivery approach. This is to minimize the environmental impacts as well as the right-of-way and capital cost of the project, which in combination delivers the projects faster and at a reduced cost. He mentioned that network implementation will be phased. Phase 1 will be the existing projects in development. Phase 2 will be the easier HOV lane conversions that are expected to generate revenue, and then the Final Phase, which are the expensive gaps or low revenue corridors.

He commented that management has been meeting monthly with Congestion Management Agencies (CMAs), Caltrans and the California Highway Patrol (CHP) to advance the network implementation, specifically relative to operations. Staff has spent a lot of effort reaching out to the environmental community, and the various transportation organizations.

Commissioner Sperring asked how the management meetings with the CMAs are going. Mr. Fremier stated that they are going well, and noted that part of the problem for a long time was getting local agreement to the proposed legislation.

Mr. Fremier also summarized the legislative framework – AB 744, which grants BATA authority to acquire, administer, and operate the Regional Express Lane Network. BATA's primary role as financier is to be responsible to bondholders, to work on developing invest grade cost and revenue forecasts, and develop a regional network phasing plan to guide implementation.

Mr. Fremier introduced BATA's Financial Advisors Sohail Bengali and Bob Rich, who summarized the financial analysis. Mr. Rich started with the disclaimer, which states that the analysis and results presented are preliminary, and subject to change. He stated that a regional enterprise approach funds all projects at a lower cost of funds and generates incremental excess revenues sooner versus a start up, stand-alone corridor approach.

Commissioner Sperring asked what designates a corridor. Mr. Fremier stated that there is still quite a bit of debate over what determines a corridor, and noted that in general staff looked at travel corridors. Mr. Steve Heminger noted that the law does permit BATA to define the corridors. Staff's preference is to go the whole length of the corridor, but when it comes down to figuring out net revenue, there will be partisans for having a shorter corridor so they can generate more net revenue in their neighborhood.

Mr. Bengali summarized the specifics with the different scenarios - stand alone vs. enterprise. In closing, Mr. Bengali noted that the challenges of a start up, stand-alone financing include strategic concerns, rating agency concerns, investor concerns, and financing concerns. He also summarized the benefits of a regional enterprise approach, and Mr. Rich commented on the potential risks to BATA.

Commissioner Lempert expressed her concern with the potential of having to raise bridge tolls to finance the network. Mr. Heminger stated that the notion of taking on an express lane network does constitute a significant risk for BATA. He also stated that as staff rolls this network out, there is also language in the legislation that says staff should give priority to the corridors where it is more likely that revenue will exceed cost.

Commissioner Lempert asked staff what they foresee for San Mateo County. Mr. Fremier stated that San Mateo is working with Caltrans and BATA on evaluating the idea of converting an existing lane to an HOV lane and also potentially converting into an express lane, or looking at other alternatives to add capacity in the corridor.

Commissioner Azumbrado expressed his concern with the blend of congestion management and revenue enhancement over the next 20 years, and asked if it will become more of a revenue enhancement tool? If it is, what is the projected impact from outside funding state and federal if they start to look at BATA as a source of income? Mr. Heminger stated that this proposal is a way to manage congestion on the road system and it's also a way to generate revenue.

Commissioner Mackenzie stated that he expects a major enforcement problem with the express lanes, and asked staff if there will be some type of photography to help enforce pricing? Mr. Fremier agreed with Commissioner Mackenzie and noted that the first two lanes that open both in Santa Clara and Alameda do not have video enforcement, so they are relying on CHP to visually enforce the system. He noted that two things that are different about the express lane system is that there is a double yellow line that will likely discourage excessive weaving between the express lanes and adjacent general purpose lanes. Second, the operating group is recommending that BATA move into a video enforcement mode.

Commissioner Sperling called for public comment:

- Richard Hedges, MTC Advisory Council, recommended that at some point the Commission begin to discuss the possibility of moving the express lane network to all the lanes with gradations of cost so the network would be turned into a toll system with transit subsidies for anyone below the medium income level, and for the elderly and disabled.

OTHER BUSINESS/PUBLIC COMMENT

There being no other business, the meeting adjourned at 10:37 a.m. The Committee's next meeting is scheduled for Friday, July 12, 2009 at 9:30 a.m. in the Lawrence D. Dahms Auditorium, Joseph P. Bort MetroCenter, Oakland, CA.